February 14, 2005

Mr. Arthur L. Williams, Director
Louisville Metro Air Pollution Control District
850 Barrett Avenue
Suite 205
Louisville, Kentucky 40204-1745

Re: Proposed Strategic Toxic Air Reduction (STAR) Program Regulations

Dear Mr. Williams:

UPS was founded in 1907 and is the world's largest package delivery company and a global leader in supply chain services. UPS Airlines has been headquartered in Louisville since its establishment in 1987. In 2002, Worldport, the $1 billion expansion of UPS's all-points, international air hub in Louisville, opened. UPS is the largest private employer in the Commonwealth of Kentucky and employs over 17,000 people in the Louisville Metropolitan area. UPS serves every address in the United States and more than 200 countries and territories worldwide with approximately 357,000 employees.

UPS appreciates the opportunity to provide comments to the Louisville Metro Air Pollution Control District (APCD) on the proposed Strategic Toxic Air Reduction (STAR) Program. We welcome the opportunity to work with the APCD towards the goal of ensuring a healthful environment.

UPS conducts our business and operations with consideration for their environmental impact. We meet or exceed all environmental laws and regulations in the communities in which we operate and we have implemented a comprehensive program to protect the environment. These programs focus on operating in the most efficient way possible and employing state-of-the art technology. For example, UPS is a charter member of the U.S. Environmental Protection Agency's *SmartWay Transport Program*, a voluntary partnership to reduce freight and fleet sector energy consumption, pollutants and greenhouse gas emissions. UPS maintains over 1800 alternative fuel vehicles, making it the largest private fleet in North America. In addition, we operate a fleet of efficient aircraft and aggressively manage its operations. UPS leads the industry in deploying aircraft noise and emission reduction technologies. We strive to find win-win initiatives that will benefit our business and the environment.

The STAR Program affects UPS because we hold a Title V permit for the UPS Worldport facility. We applaud the overall goal of the STAR Program to reduce the exposure of individuals to toxic chemicals that may exceed safe levels. However, UPS has a number of concerns with the STAR Program, and respectfully provides the following comments.

Overall, the proposed regulation imposes significant administrative requirements on UPS with an undetermined impact to air emissions. UPS would appreciate the opportunity to work with the APCD, through a process that involves all stakeholders, to streamline the proposed regulation. We wish to ensure that the regulation takes a balanced approach to improve air quality and encourage economic development in the Louisville Metro area. We urge the APCD to delay finalization and implementation of the STAR Program until the stakeholder process is complete.

The proposed STAR Program puts forward an exceedingly conservative methodology for assessing environmental sufficiency, including an extremely extensive list of compounds instead of focusing on top tier compounds. The regulation also regulates each point source on both an individual and an aggregate basis. The Tier 1 and Tier 2 approaches defined in Regulation 5.22 are so conservative, that each emission point reviewed in our preliminary review of one of our newer processes required the use of the Tier 4 dispersion modeling for every evaluation. These proposed regulations will also place additional burdens on existing businesses that plan to expand or modify their operations. For example, UPS purchases over 3000 products used in repair and maintenance of aircraft at Worldport. UPS does not believe that a modification of our Title V permit is appropriate each time a new material is required to be used for such repair operations. Most materials used for aircraft repair are mandated by technical repair orders and are required by the Federal Aviation Administration to maintain the airworthiness of aircraft.

UPS also has the following additional concerns regarding the methodology and scientific process of the proposed regulatory program:

- Hazard Quotients (HQ) for non-carcinogens should not be more conservative than the risk levels for carcinogens. Based on review by toxicologists, the method proposed in the regulations states that the HQ is more conservative (restrictive) than the associated risk levels for carcinogens.

- Additional consideration should be made to include key elements of residual risk assessment procedures, as used in the West Louisville Air Toxic Study (WLATS), in the STAR Program. Primarily, we believe the use of census tract centroids as the modeled receptor location; the use of an arithmetic mean of the modeled concentrations at the receptor location, rather than the maximum concentration; and other appropriate risk assessment methodologies should be implemented.

- The list of chemicals included in the regulation should be capped at the 18 included in Category 1. The additional chemicals included in the other categories will be addressed by the development of the Environmental Protection Agency (EPA) maximum achievable control technology (MACT) standards. The EPA MACT standards are designed to reduce Hazardous Air Pollution (HAP) emissions based on an industry-specific basis, and are designed to provide quantifiable reductions. The STAR Program has the potential of being in conflict with the MACT process.

- The modeling protocols identified in both the regulations and the public meetings do not provide for consideration of restricted spaces such as the airport runway. UPS believes that the enclosed space designated by the Federal Aviation Administration (FAA) as controlled air field should be exempt from consideration due to the unlikely event of chronic exposure for the stated 70-year period. Moreover, the use of a one-hour modeled concentration based on max emissions using one-year of ambient meteorological data projected to 70-year human exposure is not a scientifically supportable evaluation.

- Limitations of the Gaussian-based dispersion models prevent the models from accurately calculating emissions impacts within a radius defined as ten times the height of the stack. Again, the modeling requirements are in direct conflict with the required analysis. Additional modeling using the Human Exposure Model (HEM) by the EPA should also be incorporated in the regulation.

Additionally, UPS has the following specific concerns regarding content and implementation of the proposed regulatory program, and the direct impact they will have on our business:

- The proposed regulation specifically exempts gasoline service stations, regardless of throughput, from the STAR Program. UPS operates a gasoline dispensing facility at the Worldport facility. These operations should also be exempt from the STAR Program, since they are subject to Regulation 6.40 *Standards of Performance for Gasoline Transfer to Motor Vehicles*, including the use of the CARB Stage II emission control (capturing emissions from vehicle fuel tanks during refueling) and Stage I vapor recovery during filling of the above-ground storage tank (AST). At this time, there are no additional control strategies available for these operations.

- Similarly, refueling operations involving diesel fuel should also be exempted.

- UPS operates a non-commercial repair facility for Ground Support Equipment (GSE) at the Worldport facility. This facility is regulated under Regulation 7.79 *Standards of Performance For New Commercial Motor Vehicle And Mobile Equipment Refinishing Operations* and is permitted under the facility's existing Title V permit. Since commercial auto body repair shops are specifically exempt under the STAR regulation, UPS believes that the GSE shop should also be exempted under this regulation.

- UPS operates generators that are permitted for emergency use only and have limited hours for total usage under Title V. However the proposed STAR regulations require UPS to evaluate and possibly modify operation of these emergency generators as if they were to be operated continuously for 70 years.

- The new requirement in the definition of best available technology for toxics (T-BAT) in the second version of the STAR Program to consider "hours of

operation" as a technology seems contradictory to the purpose of a T-BAT consideration. The review is based on an emission rate (emissions of either pounds per hour or grams per second), and not the period of time of the emissions. For our process, the rate is constant regardless of the number of hours that the process operates.

- Proposed Regulation 5.30 requires the APCD to submit a report and plan of action related to air emissions from various sources, including mobile sources. UPS urges the APCD to define and permit public comment on the structure and methodology of this evaluation. We encourage a technically-sound study that takes a balanced approach to improve air quality and encourage economic development in the Louisville Metro area.

Again, UPS appreciates the opportunity to comment on the STAR Program. Please do not hesitate to contact us if you have further questions or need additional information.

Sincerely,

Kirsten E. Morell
Public Affairs Manager
UPS Airlines
1400 N. Hurstbourne Parkway
Louisville, KY 40223
(502) 329-6514 tel
(502) 329-6534 fax
kmorell@ups.com

Dontai L. Smalls
Attorney, Legal Department
UPS Airlines
1400 N. Hurstbourne Parkway
Louisville, KY 40223
(502) 329-6513 tel
(502) 329-3165 fax
dsmalls@ups.com

cc: The Honorable Jerry Abramson
Mayor, Louisville Metro
Louisville Metro Hall
527 West Jefferson Street
Louisville, Kentucky 40202

The Honorable C. Bruce Traughber
Secretary, Community Development
Louisville Metro Hall
527 West Jefferson Street
Louisville, Kentucky 40202